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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/29/06

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1) TOP HEADLINES

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Mainichi:

Captain of fishing boat seized by Russia to be indicted by Sept. 7; Two crewmembers expected to be released early

Yomiuri:

Economy, Trade and Industry Ministry releases 31 gas and electric appliance safety measures, including mandatory accident reporting system

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Yomiuri:

(1) Soaring fuel costs hit bus, taxi businesses
(2) Food and radiation: Do not regard necessary technology as taboo

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(1) Companies must stop illegal exports by own efforts
(2) Eliminate drunken driving

Sankei:

(1) Drunken driving a vicious crime comparable to homicide
(2) Coexistence of music distribution and CDs requires wisdom

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Akahata:

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, August 28

NIHON KEIZAI (Page 2) (Full)
August 29, 2006

09:18

Left Haneda Airport for Central Asia on government plane.

Afternoon(Local time)

Arrived at Astana International Airport in Astana, Kazakhstan.

Evening

Attended welcoming ceremony at the presidential palace. Held summit with President Nazabayev. Attended signing ceremony and joint press conference.

Night

Attended dinner party hosted by the president. Toured Baiterek Tower. Stayed at Rixos President Hotel.

4) Koizumi agrees with Kazakh president to boost cooperation for

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uranium development in attempt to check moves by China, Russia over resources, security

NIHON KEIZAI (Page 2) (Full)
August 29, 2006

Yasuhiro Otaki, Astana

Prime Minister Junichiro Koizumi and Kazakh President Nursultan Nazarbayev issued a joint statement on Aug. 28 saying that the two countries would boost cooperation to develop natural resources, including uranium. Koizumi became the first Japanese prime minister to visit Central Asia. He will visit Uzbekistan on Aug. 29. The prime minister's visit to Central Asia is aimed at playing up Japan's presence in the region, which is blessed with rich natural resources. The region is also strategically important from the standpoint of global security. Japan is likely to face intensifying maneuvering over resources and security from China and Russia, which have long ties with the countries in the region.

The Koizumi-Nazarbayev meeting lasted for about one hour at the Presidential Palace in Astana, the capital of Kazakhstan. Koizumi said: "This visit reflects the Japanese government's desire to deepen cooperative relations with Kazakhstan." Nazarbayev replied: "I would like Japanese firms to invest in our nation."

Kazakhstan has the second-largest deposits of uranium. Koizumi proposed that Japan would help the nation excavate mines and turn uranium into nuclear fuel. Both countries will soon launch work to sign an atomic energy deal. Japan now imports uranium mainly from Australia and Canada. It hopes to diversify supplies. The joint statement says: (1) Japan will accept about 2,000 students from Central Asia over the coming three years; and (2) the two countries will hold periodic talks on the North Korean situation and other issues.

Central Asia, situated near Iraq and Afghanistan, is a strategically key region for global security. Japan's deepened ties with the region will contribute to indirectly supporting the US-led fight against terrorism. In addition, Japan also aims to prevent China and Russia from exerting greater influence in this region.

Japan's approach to the region is also consistent with the Central Asian countries' diplomatic strategy. Although the region is blessed with abundant natural resources, Russia has blocked the export of gas. Cooperation with Japan and China is indispensable for them to craft an advantageous strategy.

Even so, China and Russia have actually taken the lead in the region. In 2001, the two countries established the Shanghai Cooperation Organization (SCO) with Kazakhstan and Uzbekistan. Japan set up a dialogue with four Central Asian countries in 2004. Japan is competing with China and Russia over Central Asia diplomacy.

In the summit on Aug. 28, Koizumi said: "I would like to pay my respects to Kazakhstan, which has taken a balanced diplomatic approach by establishing friendly relations with the United States and Europe while being situated between China and Russia." What the Central Asian countries are pursuing, however, is omni-directional diplomacy. They might in a sense be cashing in on the speculation of Japan, China, and Russia.

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5) Poll: Koizumi cabinet ranks 2nd in average rating, sustained high at 50%

ASAHI (Page 1) (Abridged)
August 29, 2006

The rate of public support for Prime Minister Koizumi—who will step down in September—and for his cabinet was 47% in a telephone-based nationwide public opinion survey conducted by the Asahi Shimbun on Aug. 26-27. The nonsupport rate for the Koizumi cabinet was 36%. The approval ratings for the Koizumi cabinet to date since coming into office averaged 50%, the second-highest rate of popularity next to that of the Hosokawa cabinet, which averaged 68%, among the cabinets of Koizumi's postwar predecessors from Prime Minister Yoshida on. The highest rate of public support for the Koizumi cabinet was 84%, which was marked in May 2001, a month after Koizumi came into office. The lowest rate was 33% in January 2005. Meanwhile, those who think the nation's income and other economic disparities have expanded accounted for 73% in the latest survey. Among them, 62% answered that it has something to do with Koizumi's policy measures.

Most postwar prime ministers eventually fell into disfavor and stepped down. However, the Koizumi cabinet is a rare case, as its public support rate is still at nearly 50% even in its closing days. In the past, the Hosokawa cabinet, which was a coalition of non-LDP parties, resigned en masse only eight months after its inauguration when its support rate was 57%. In the case of the Murayama, Hashimoto, Obuchi, and Mori cabinets, however, their respective last approval ratings were far lower than their disapproval ratings.

In April 2001, the Koizumi cabinet set sail, standing at 78% in public support. In February 2002, the Koizumi cabinet's support rate nosedived to the 40% level, reflecting Koizumi's sacking of Foreign Minister Tanaka. In September that year, however, his cabinet's public support rebounded with his visit to North Korea. After that, it again fell with his dispatch of Self-Defense Forces troops to Iraq. In September 2003, however, Koizumi and his cabinet rose again in popularity with his appointment of Shinzo Abe to the post of LDP secretary general. In 2004, his cabinet was stagnant in public

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support, in part reflecting its lack of appropriate action for pension reform. In 2005, however, Koizumi dissolved the House of Representatives for a general election over his postal privatization initiative and won a landslide victory. This year, its approval ratings have been between 40% and 50%.

Average ratings for postwar cabinets
(From Prime Minister Shigeru Yoshida's cabinet on)

11. Morihiro Hosokawa	68%
12. Junichiro Koizumi	50%
13. Tsutomu Hata	47%
13. Toshiki Kaifu	47%
15. Hayato Ikeda	44%
16. Ryutaro Hashimoto	43%
17. Tanzan Ishibashi	41%
18. Yasuhiro Nakasone	40%
19. Eisaku Sato	38%
110. Tomiichi Murayama	37%

(Note) Figures rounded off. Surveyed only once for the Hata and Ishibashi cabinet.

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6) Asahi Poll: 65% say Koizumi has changed LDP

ASAHI (Page 2) (Abridged slightly)
August 29, 2006

The Koizumi government has maintained unprecedented high popularity as a Liberal Democratic Party cabinet. This seems to be ascribable to high public regard for Prime Minister Koizumi's achievements in reform and the judgment that he has changed the LDP. That the economy has broken away from deflation also seems to have worked favorably for Koizumi.

An opinion survey was conducted on Aug. 26-26 to gauge the public's assessment of the Koizumi cabinet's achievements over the last five and a half years. In the survey, 68% of respondents gave positive assessments to the cabinet, with 12% giving extremely high marks and 56% fairly good marks. At the same time, 23% gave low marks, and 7% gave extremely low marks. Evaluations were particularly high among younger generations. Seventy-five% of respondents in their twenties gave the cabinet high marks.

Forty-one% of respondents picked "administrative reform" out of four options as policy that deserved high marks, apparently with postal reform and highway corporation reform in mind. Forty-seven% cited "pension and welfare" as policies that merit poor marks.

A total of 65% of respondents said they had "felt pain" from the Koizumi reform drive, while 33% said they did not experience such. Seventy-three% said social disparity, including an income gap, has expanded. Nearly 80% of respondents in their forties and fifties pointed to an expanding social disparity. In addition, 62% of them -- mostly older people -- identified some kind of relationship between the growing social disparity and Koizumi's policies, while 30% indicated no relationship between the two.

Despite the reform pain and the issue of social disparity, the public did not deny the cabinet's overall achievements, however. In fact, 66% of those who pointed out growing disparity and 78% of those who felt pain gave positive assessments to the cabinet. With the economy on a recovery tack, the poll exposed the public trend of not denying the cabinet's achievements, while acknowledging its negative sides.

Sixty-five% of all respondents -- 72% of male respondents -- also said that Koizumi has changed the LDP. Of them, 59% expressed their support for the cabinet, and 80% gave positive assessments to its achievements.

"I have destroyed some special support organizations, believing the interest of the public must come first. I have also destroyed the factional recommendation and seniority system," Prime Minister Koizumi has boasted. Such a stance of Koizumi seems to have resonated with the general public.

7) US missile cruiser to arrive in Yokosuka today for 1st MD deployment to Japan

MAINICHI (Page 3) (Full)
August 29, 2006

The USS Shiloh, a US Navy Aegis-equipped cruiser loaded with the Standard Missile 3 (SM-3), a sea-based intercept missile, will be

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deployed to the US Navy's Yokosuka base in Kanagawa Prefecture today. The SM-3, a missile defense (MD) system to shield Japan against missile attacks, is actually capable of intercepting ballistic missiles. The Shiloh is the first MD ship to be deployed to Japan. With the Shiloh deploying to Yokosuka, Japan and the United States are gearing up to build an MD shield system in the wake of North Korea's firing of ballistic missiles.

Foreign Minister Taro Aso met with visiting US Navy Secretary Winter yesterday at the Foreign Ministry. In the meeting, Aso welcomed the

Shiloh, saying its deployment will complement Japan's MD capability. "We highly appreciate it," Aso told Winter.

The US Navy has three MD-capable Aegis vessels, including the Shiloh. In response to North Korea's missile launches, the US Navy will deploy three more SM-3 Aegis ships on the Pacific front. They will be on stage around Japan as needed. The Maritime Self-Defense Force will also mount the SM-3 on its Aegis ships. However, the first one's renovation will be completed at the end of fiscal 2007.

Meanwhile, the US military plans to deploy the Patriot Advanced Capability 3 (PAC-3), a ground-based intercept missile, to its Kadena base in Okinawa Prefecture within the year. The Air Self-Defense Force will also begin its PAC-3 deployment by the end of the current fiscal year. The ASDF's PAC-3 deployment schedule will be moved up with a substantial increase in the number of PAC-3 missiles, with consideration shown by the United States.

8) US military may deploy large warplanes to Futenma alternative in times of emergency: vice defense minister

TOKYO SHIMBUN (Page 3) (Full)
August 29, 2006

The US military may use a newly planned air facility in Okinawa Prefecture for its C-130 transports and other large-size military aircraft during emergencies, Defense Agency Administrative Deputy Director General Takemasa Moriya stated in a news conference yesterday. The Japanese and US governments have finalized a report on their talks over the realignment of US forces in Japan, incorporating an agreement to build V-shaped airstrips in a coastal area of Camp Schwab, a US military base in the city of Nago in Okinawa Prefecture, to take over the heliport functions of the US Marine Corps' Futenma Air Station currently located in the island prefecture's city of Ginowan.

"We've yet to talk about what will become of it in times of emergency," Moriya said. "If there's something they need to defend Japan, we cannot tell them that we will refuse anything other than small airplanes," he added.

Meanwhile, the Okinawa prefectural government has proposed installing a ground-based heliport on the premises of Camp Schwab as a temporary alternative for Futenma airfield. Okinawa is opposed to the government's V-shaped tarmac plan, so Moriya's remarks will likely incur an even stronger backlash from Okinawa.

9) Okinawa Prefecture, Nago City refuse to attend consultations on Futenma relocation today

YOMIURI (Page 4) (Full)
August 29, 2006

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Okinawa Prefecture and Nago City decided early on Aug. 29 to refuse to attend the government's proposed first meeting today of a consultative organ made up of representatives from the government, the prefecture and concerned municipalities to discuss the relocation of US Marine Corps' Futenma Air Station in Ginowan City to coast of Camp Schwab in Nago City. The reason is that Okinawa and Nago have toughened their position because the Defense Agency turned down their request to continue economic development measures for the northern part of Okinawa. A senior prefectoral government official told reporters yesterday in Tokyo, "Environmental arrangements that Okinawa people had sought have not been made."

The consultative organ had planned to discuss the construction plan for an alternate facility for Futenma and regional economic measures.

10) Overseas dispatch of SDF troops: Plan to adopt supplementary resolution mentioning need for enactment of permanent law floated in government circles

TOKYO SHIMBUN (Page 1) (Full)

August 29, 2006

The government will submit a bill extending the Antiterrorism Special Measures Law, which expires in November, to the Extraordinary Diet session to be convened in September. In a related development, it was found yesterday that a plan had been floated to adopt a supplementary resolution mentioning the need to enact a permanent law that enables the overseas dispatch of Self-Defense Forces (SDF) as needed.

Chief Cabinet Secretary Shinzo Abe, the front-runner in the Liberal Democratic Party (LDP) presidential race, is in favor of enacting such a law. However, there are many challenges to tackle before such a law can be enacted, including compatibility with Article 9 of the Constitution, which bans the use of force abroad. The prevalent view is, therefore, it would be difficult to enact such a law at an early date. Such being the case, the government appears to want to demonstrate its determination to pave the way for the enactment of such a law by adopting a supplementary resolution, which has no binding authority.

The Antiterrorism Special Measures Law is a time-limited act enabling the Maritime Self-Defense Force to supply oil to US military vessels in the Indian Ocean. It has been extended each time it expired. The government plans to submit a bill calling for its extension by another year. The growing view in the government and the LDP is that a supplementary resolution that mentions the need for the enactment of a permanent law should be adopted from the standpoint of eliminating this procedure, too.

An LDP subcommittee is expected to adopt a draft article on the enactment of a permanent law before the end of the week. The Cabinet Secretariat's international peace cooperation promotion team has

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also started considering the issue.

11) Tanigaki in policy platform opposed to change in interpretation of Constitution to allow use of right to collective self-defense

MAINICHI (Page 2) (Full)
August 29, 2006

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The outline of the policy platform of Finance Minister Sadakazu Tanigaki for the Liberal Democratic Party presidential election was revealed yesterday. The platform has this reference to constitutional revision: "It is impossible to use the right to collective self-defense under the current Constitution." Tanigaki aims to demonstrate the difference in his stance from those of Chief Cabinet Secretary Shinzo Abe and Foreign Minister Taro Aso, both of whom have proposed allowing the use of the right by changing the government's interpretation of the Constitution.

Tanigaki plans to announce the platform tomorrow. It is titled: "I am determined to build a vital, trustworthy state" (tentative name). The platform stresses the need to promote debate on a constitutional revision in order to strengthen the function of monitoring administrative authorities, based on the view that "it is now time to discuss future options for the nation's governing system." On the right to collective self-defense, Tanigaki, without touching on Article 9 revision, underscores his stance of rejecting a change in the interpretation of the Constitution: "The government long ago adopted an interpretation that rules out the use of the right of collective self-defense. Under the principles of the Constitution, it is first necessary to form a (national) consensus." The platform also includes measures to create a "hometown joint taxation" system.

12) People's New Party head Watanuki rejects cooperation with ruling coalition in Upper House election

YOMIURI (Page 4) (Excerpts)
August 29, 2006

Following the first anniversary of his party's foundation, People's New Party representative Tamisuke Watanuki held a press conference yesterday. Asked about the possibility of his party joining hands with the ruling Liberal Democratic Party (LDP) and New Komeito, the LDP's coalition partner, if the ruling coalition fails to secure a majority in the House of Councillors in next year's election, he rejected the idea, saying: "I don't think so. We cannot get together behind closed doors regarding policies after fighting openly and squarely."

Acting head Shizuka Kamei, who also took part in the press meeting, lashed out at LDP presidential candidates Chief Cabinet Secretary Shinzo Abe, Finance Minister Sadakazu Tanigaki, and Foreign Minister Taro Aso. He said:

"Public works projects, closing the gap between rich and poor -- they are brazenly saying the opposite of what Koizumi has done. They're a bunch of charlatans. If they'd reflect on what they've done in the past, they'd all resign from the cabinet immediately."

13) Ozawa tells Kan and Hatoyama intention to seek reelection in Minshuto leadership race and Asks their cooperation

YOMIURI (Page 2) (Full)
August 29, 2006

Minshuto (Democratic Party of Japan) President Ichiro Ozawa yesterday told Acting President Naoto Kan and Secretary General Yukio Hatoyama that he would run in the September party leadership race. The official campaign for the Sept. 25 presidential election

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will on Sept. 12. It was the first time for Ozawa to express his intention to seek reelection.

Ozawa told Kan and Hatoyama: "I would like you to cooperate with me because I want to run for the presidency." Kan replied, "I greatly welcome your decision." Hatoyama also expressed his support for Ozawa, saying, "You have done so much to bring our party together. If you didn't run, we would be in trouble." Ozawa has already clarified that he will retain them in their respective posts after he is reelected. He will formally announce his candidacy in early September and reveal his basic policy for the presidency.

14) Cabinet Office to declare end of deflation next month: Price indexes continue their uptrend

YOMIURI (Page 1) (Full)
August 29, 2006

The Cabinet Office yesterday began looking into the possibility of declaring an end to deflation in its monthly economic report for September to be released in mid-September. The decision stems from the steady uptrend of price-related indexes, such as a supply-demand gap that indicates the difference between domestic demand and supply, and consumer price indexes. The aim is to play up the results of the Koizumi administration's management of the economy. The Japanese economy is believed to have plunged into a deflationary spiral in 1998, and it will have taken eight years to emerge from it if such a declaration is issued.

The Cabinet Office will reach a final judgment on whether the economy has climbed out of the deflationary period after vetting gross domestic product (GDP) for the April-June quarter to be released on Sept. 11.

Domestic demand is gradually increasing as the economy picks up. The supply-demand gap for the April-June quarter (gap between actual GDP and potential GDP, which is the amount that would be produced with facilities and labor operating at normal output) marked 0.2%, the third consecutive quarter of demand exceeding supply, an indication that the economy is emerging from deflation.

The consumer price index (prices of general goods, excepting perishable food) for July, released by the Ministry of Internal Affairs and Communications (MIC) on the 25th, was up 0.2% over the

same month a year before, with the margin of increase declining under the revised standard. A number of government officials are opposed to the idea of issuing such a declaration, though, with MIC Minister Takenaka noting, "Mild deflation is continuing." However, a senior official at the Cabinet Office stated: "An upward trend has been confirmed, and there is a strong possibility of it continuing."

The government standard for determining the end of deflation is that "prices have emerged from a period of continuing decline, and there are no signs of a return to that situation." The government in its July monthly report stated, "The present situation is not deflation." The focus is on whether it can be confirmed that the economy will not return to a deflationary state.

DONOVAN